THE RURAL DISTRICT:

A CONCEPT OF TRANSITIONAL MUNICIPAL GOVERNMENT

prepared by

The Improvement Districts Division
Department of Municipal Affairs
Government of Alberta

in consultation with the

Improvement Districts Association of Alberta

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A. BACKGROUND

Originating in the early 1900's, Improvement Districts represent one of the oldest forms of municipal institution in Alberta. The concept of Improvement Districts has served since its inception as a rudimentary form of municipal government. The more contemporary application of Improvement Districts reflects a form of unincorporated rural municipality.

During the past decade, considerable effort has been applied to the development of Improvement Districts to the point where most now possess skilled administration, along with a sensitive and responsible political sector. Limitations to incorporation under existing policy and legislation tend to focus on assessment base, sparsity of population, expansive geographic limits, or some combination of these factors.

In 1980, the Provincial Government confirmed the following policy goals for Improvement Districts:

- to generate a sense of self-reliance and local responsibility;
- to have decisions made and services provided closer to the people who will benefit;
- to spend more time involving largely Native communities in provincial programs and in the process of local government;
- to transform the Improvement District offices into useful contact points for provincial programs, and to have these offices operate more like municipal offices;
- to remove inequities in taxation and development control over a period of years; and
- to devote more time to the policy of encouraging incorporation wherever practicable.

The efforts of the Department of Municipal Affairs over the past decade have positively moved the development of Improvement Districts to the point where the original concept and 1980 goals warrant review to ensure they remain contemporary and relevant to meet the needs of municipal government and the residents of rural Alberta into the next century.

The following is designed to stimulate a fresh perspective on the existing concept of Improvement Districts as a rural form of municipal governance. An overriding consideration of this review is the formulation of a policy and legislative framework that is designed to yield a more contemporary, practical, and objective approach to the development and incorporation of rural municipal government so as to allow for greater local decision making on municipal matters and establish a system that will more effectively and efficiently serve the people of Alberta well into the future.

B. CURRENT SITUATION ANALYSIS

Reflected in the stated government goal of encouraging incorporation "...wherever practicable" is a recognition of the existence of a wide range of factors that impact on an Improvement District's capacity and capability to assume full incorporated status as a local government. These factors do not only relate to qualification requirements such as the skills and maturity of Councils, program responsibilities, authority, accountability and assessment base, but also to the limitations inherent in the existing legislative framework which had served its purpose admirably throughout the early developmental phases for Improvement Districts. It has become increasingly apparent that the current legislative framework no longer provides the Minister of Municipal Affairs and the Provincial Government with the flexibility to exercise progressive leadership to meet the contemporary and future needs of responsive local government in Improvement Districts.

Generally speaking, Improvement Districts have outgrown the Provincial legislative framework from which they originated. The obvious problem with the current legislation governing Improvement Districts is that it is not contemporary in the sense of allowing for an adjustment in relationships between the Provincial Government and an Improvement District as it evolves and matures as a local government. Under the current regime both the Province and the Improvement District find themselves in a conundrum. The greater the effort and success of the Province in developing the capability of an Improvement District to conduct itself as a "local government", the greater the desire of the Improvement District to demonstrate its "independence" and capability to carry out local government responsibilities without the need for "provincial" involvement.

The Improvement Districts Act, the Financial Administration Act, and the Public Service Act, all have major influence on how Improvement Districts currently conduct their business affairs. All of this legislation is not designed to accommodate the gradual growth and maturation of a local government entity in a progressive, logical, and controlled sense.

On the contrary, the existing legislative regime imposes an "all or nothing" inflexible framework on the relationship between the Province and Improvement Districts. This legislative regime brings maturing and developing local government entities into confrontation with the Minister of Municipal Affairs because the Province, through its legislative framework, is eventually seen as an impediment to the rational and natural progression to independent local decision making. The present legislative regime does not easily or effectively lend itself to the contemporary philosophy of the Government which calls for less centralized control, and the development of a greater degree of decision making and responsibility to be exercised at a local level.

The need for change is engendered not by the demands of any one Improvement District but by the imperatives that are reflected in the very fundamental and practical benefits of local decision making. To a significant degree this "market pull" for change has been a product of the Department of Municipal Affairs' successful achievement of Provincial goals leading toward the development of municipal government capacity in Improvement Districts from both an administrative and political perspective.

The proposal that follows reflects a new and creative approach toward a transitional form of incorporation in local government. The approach attempts to capture the benefits and strengths of past achievements in the area of local self-government and blends these positive attributes of the past with a clearer definition of benchmarks that allow for a logical progression leading to complete local government autonomy.

C. THE PROPOSAL: TRANSITIONAL LOCAL GOVERNMENT

The proposal that follows represents a mechanism whereby municipal authority and responsibility may be transferred from the Minister of Municipal Affairs to the locally elected municipal council. This transfer of authority would take place in a logical, planned, and controlled approach with each phase based on pre-determined criteria. This proposal is intended to compliment the existing forms of incorporated municipalities and the processes that govern the concepts of municipal government familiar to Alberta.

The concept of Transitional Local Government is structured into a three phase process, the details of which follow.

It should be noted that the status of the **National Park Improvement Districts** and any other Improvement District that decides to remain as is will not be altered until the Council and/or the ratepayers make the request.

Phases I and II:

From a Provincial administrative perspective, Phases I and II contain very little change from the existing Improvement District form of administration. The administration of the National Park Improvement Districts would remain unchanged. The major change for those IDs that elect to change and any other ID that does not wish to change would be that specific Improvement District advisory councils would become incorporated entities called **Rural Districts**. These corporations would be established with the Minister and the local councils as the governing bodies. The Minister, through the terms of incorporation, would define the role and responsibility of the council. The Minister would continue in his capacity as the legal authority for municipal decision making, and Alberta Transportation would continue as the Road Authority.

The Improvement Districts Act would govern the administration of the National Park Improvement Districts as well as those Improvement Districts, or portions of Improvement Districts, not progressing into Rural Districts. The newly incorporated Rural Districts would be governed by the new Rural District legislation.

The council of the Rural District would be selected pursuant to the Local Authorities Election Act and would select its Reeve in accordance to existing legislation. They would continue to provide advice to the Minister and to the Department of Transportation. Administrative functions and the financial responsibility for these functions would remain the same as for the current Improvement Districts.

Phase I

The findings of Improvement District viability studies would be evaluated in order to identify those Improvement Districts which, in general, meet most if not all of the criteria established to determine the viability of an Improvement District for acceptance of Rural District status. Those Improvement Districts could be incorporated as Rural Districts and would qualify to progress to Phase II leading towards a transitional form of municipal government.

Phase II

Only the incorporated **Rural Districts** would progress into this Phase. A major requirement of the Rural District councils would be to develop a **Corporate Strategy** that would outline the process and requirements leading to a long-term goal of local government autonomy. The **Corporate Strategy** would identify, among other matters, what the Rural District wishes to achieve in municipal program areas in the future; when the various service responsibilities and authority for those would be assumed by the local jurisdiction; and how those responsibilities would be financed and managed. **As a general principle, the eligibility of a Rural District to assume full authority for a program would require that the Rural District assume financial responsibility for that program in a manner and to the degree of comparable incorporated municipalities. The Rural District would also assume responsibility for any relevant, currently existing agreements entered into on its behalf by the Minister.**

In order to accommodate a long-term financial basis for the development of the **Corporate Strategy**, the rationalization of a defensible and reasonable boundary and assessment base for the Rural District would be established.

The **Corporate Strategy** will address human resource staffing issues (including the position of the Manager) and development plans that reflect, to the extent possible, the assumption of full administrative functions by the Rural District at the earliest practical time in Phase III.

The Corporate Strategy, once prepared by the council, would be reviewed and ultimately approved by the Minister as a prerequisite for the transitional government phases to proceed. Upon the Minister's acceptance, the Corporate Strategy would formalize a plan of action which would guide the Rural District's council and the Department in a contractual sense. The council would know what responsibilities it should be preparing to receive and the Department would be able to plan and direct resources to provide the best possible support necessary to achieve the mutually agreed-to-goals outlined in the Strategy.

Phases I & II - Summary

Phase I:

Department:

- based on an Improvement District viability study, identify Improvement Districts which could be incorporated as Rural Districts. A Rural District will have reasonable and defensible municipal boundaries to enter the Rural District transitional local government process.

- upon local request, establish those identified Improvement Districts as Rural Districts, with the Minister and council as corporation heads. The Minister approves the role of council.

- continue to administer Improvement Districts in accordance with the Improvement Districts Act.

- Rural District legislation is established which will govern the conduct of the newly incorporated Rural Districts.

- Improvement District legislation stays in place for administration of the National Parks and those Improvement Districts, or portions of Improvement Districts, which are either not qualified for Rural District status or do not wish to proceed towards Rural District status for the time being.

Rural District Council:

- continues to provide advice to the Minister of Municipal Affairs and Minister of Transportation.

Phase II: (only incorporated Rural Districts progress into this and subsequent phases)

Department:

- develops Corporate Strategy format in co-operation with Rural Districts.

Rural District Council:

- prepares a Corporate Strategy in co-operation with the Department.

Result, Phases I & II:

- Improvement Districts with reasonable and defensible municipal boundaries are identified and incorporated as Rural Districts.
- rational boundaries and assessment base for Rural Districts are established.
- Rural District Corporate Strategy is approved by Minister of Municipal Affairs.
- framework is established for acquiring more municipal responsibility and authority.

2. Phase III

After the Rural District council has developed and approved its Corporate Strategy and has had it adopted by the Minister, the council would become eligible to begin assuming typical municipal service responsibilities and authority in a planned and organized fashion as identified in its Corporate Strategy.

Prior to assuming each area of administrative responsibility, the Rural District would be required to develop and implement local administrative policies, procedures and controls. The Department would provide assistance to the Rural District in this regard and provide audit services to ensure appropriate financial control measures were in place and being adhered to.

During Phase III, all staffing policies and procedures would be transferred to the Rural District. Likewise, all administrative and financial policies and procedures, and general administrative responsibilities pertaining to those programs under control of the Rural District would be totally transferred to the Rural District. These responsibilities would include all municipal accounting requirements, preparation and maintenance of the tax roll, bylaw preparation and maintenance, all personnel staffing and administration, and office accommodation and supplies.

In Phase III, a complete and viable municipal form of administration would be established. The Rural District office would become a municipal office in all respects and the Department's role would become one of providing advice rather than performing specific functions.

As responsibility for administrative, financial and program functions are assumed by the Rural District, Municipal Affairs resources could become available to provide any necessary support to the Manager and local Council. Additional staff and expertise may be required in certain field offices depending on the local Rural District situation. Currently, most Improvement District offices are acquiring municipal computer packages which would assist greatly in any future transitional process.

In Phase III, all administrative staff would be funded through the Rural District budget and staffed by the joint approval of the Rural District Council and the Manager. After transferring the responsibility over all services outlined in Phase III, the Rural District Manager would become an employee of the Rural District, unless this transfer was negotiated through the **Corporate Strategy** earlier in the process. In the case where the Manager does not become an employee of the Rural District until the end of Phase III, the Rural District Council will participate in the staffing of the Manager with the Department.

It is recognized that these changes would increase the administrative cost to the Rural District. However, the **Rural District** would no longer be required to pay the administration transfer fee to the Province.

The Rural District budgetary and financial control process would include:

1) The **Corporate Strategy** being kept current by the Council and Manager, and updates to the **Corporate Strategy** being jointly approved, as necessary, by the Council and the Minister.

2) The **Rural District** assuming full financial responsibility, including taxation authority.

3) The Rural District budget being prepared by the Council and Manager:

   a) The budget would receive joint approval by the Council and the Minister.

   b) The mill rate and budget by-law would be approved by the Minister.

   c) The Province would become a requisitioning authority to the **Rural Districts** for the services retained by the Province according to the Corporate Strategy.

4) The Rural District office would collect all revenues.

5) The funds requisitioned by the Province for services retained would be forwarded to the Minister and would remain under the control of the Minister to be administered by the Manager in accordance with municipal legislation and Departmental policy, and would be applied to those programs retained by the Province. Expenditure of these funds would be in accordance with the budget jointly approved by the Minister and the Council.

6) The Department would provide the services of the Municipal Auditor as required by legislation. During this phase, the Rural District Council would assume full control, authority and responsibility for those program items contained in the municipality's section of the budget. In all other areas, the Council would continue to legally function as advisor to the Minister.

7) The Department would provide annual inspection services.

The services for which eligible Rural Districts can assume full municipal responsibility in Phase III are as follows (those responsibilities identified in Phase III(A) would generally be considered first priority because most Improvement Districts currently provide those services without significant assistance from the Province):

Phase III(A)

- Fire Protection
- Disaster Services
- Ambulance Services
- Bylaw Enforcement
- Garbage Collection & Disposal
- Street Lighting
- Family & Community Support Services
- Cemeteries and Crematoriums
- Community Service Programs
- Senior Citizen Housing
- Economic Development and Tourism
- Agricultural Services
- Recreation Boards, Facilities and Parks
- Cultural Buildings & Facilities

Phase III(B)

- Water Supply and Distribution
- Sewage Service and Treatment
- Transportation: Capital Construction and Maintenance (Road authority)
- Development Control
- Municipal Planning & Zoning

The above services would be taken over by Rural Districts in accordance with the previously agreed-to Corporate Strategy. The Council would administer these programs utilizing existing legislation available to incorporated municipalities. Upon acceptance of any program transfer, the Council would become responsible for all aspects of that program, including adoption of any required bylaws and the provision of the required financing and staff. Funding sources would be the same as those used by incorporated municipalities.

The priority for the transfer of municipal service responsibilities and the associated administrative functions, would be a matter of mutual agreement between the Rural District and the Province and these priorities should be reflected in the Corporate Strategy.

In order to fully assume the services identified in Phase III (A & B), the Rural District would have had to develop considerable experience and proven expertise. Most Improvement Districts have developed to the extent where they currently provide many of these services with little involvement from the Province.

In order to establish an objective process and criteria to determine when and under what circumstances a Rural District would assume full transportation responsibilities, the **Corporate Strategy** completed in Phase II should address this matter. This process should include, but not be limited to, the following:

1) road inventories;
2) maintenance costs and standards;
3) construction requirements and costs;
4) proposed best systems for administering transportation services (e.g. own staff or contract); and
5) five year projected financial requirements.

Consideration would have to be given to amending the Forest and Prairie Protection Act. This Act requires a Municipal District, which includes a County and Special Area, to be responsible for all fire fighting and controls within the municipal boundaries. Arrangements would have to be made through legislation and/or agreements between the Province and those Rural Districts that either fully or partially encompass the Green Area, for the management and control of wild fires.

Since much of the current improvement district area is Crown or Public land, the Province has considerable interest in planning and development control in such areas. As a result, the acquisition of municipal control over planning matters will be contingent upon the preparation of an approved **General Municipal Plan for the Rural District.**

This **Plan** would require the approval of the Rural District Council and the Minister of Municipal Affairs. In those Rural Districts whose boundaries encompass Green Area lands, the Councils would be responsible for ensuring that the **General Municipal Plan** complies with the applicable Provincial Integrated Resource Plan. In such cases, prior to submitting the **General Municipal Plan** to the Minister of Municipal Affairs for approval, a written verification from the Minister of Forestry, Lands & Wildlife should be obtained and attached to the **General Municipal Plan.** Once the **General Municipal Plan** is approved, all other planning documents and decisions would have to be in accordance with this **Plan.** The local Council would be given all municipal planning authority under the **Plan.** This would include the preparation of a Land Use By-law, Area Structure Plans, subdivision recommendations and development approvals.

An amendment to the **General Municipal Plan** affecting the Green Area lands will continue to require the approval of the Minister with responsibilities over those lands.

The role of the Rural District in this regard would be to ensure that all planning documents and decisions conform with the **General Municipal Plan**. It is recognized that currently most Improvement District Advisory Councils have considerable experience in Planning Administration and that effective planning institutions exist, such as Regional Planning Commissions, to support future needs of Rural Districts. A process will have to be designed to ensure that Provincial interests in Green Area lands are recognized and upheld by the Rural District.

Phase III - Summary

Department:

- turns over taxation authority to the **Rural Districts**;
- turns over full financial authority and responsibility to the Rural District for those services divested from the Province to the Rural District;
- requisitions the Rural District for the cost of services retained by the Province, according to the **Corporate Strategy**;
- ensures that those municipal responsibilities maintained by the Department are effectively delivered;
- provide audit and inspection services; and
- develops legislative and/or other arrangements for **Rural Districts** and the Province to manage wild fires on Green Area designated lands.

Rural District Council:

By joint agreement with the Province, progressively acquires full responsibility and authority for expenditures in the following areas:

Phase III(A)

- Fire Protection
- Disaster Services
- Ambulance Services
- Bylaw Enforcement
- Garbage Collection & Disposal
- Street Lighting
- Family & Community Support Services
- Cemeteries and Crematoriums
- Community Service Programs
- Senior Citizen Housing
- Economic Development and Tourism
- Agricultural Services
- Recreation Boards, Facilities and Parks
- Cultural Buildings & Facilities

Phase III(B)

- Water Supply and Distribution
- Sewage Service and Treatment
- Transportation: Capital Construction and Maintenance (Road authority)
- Municipal Planning & Zoning
- Development Control
- The Rural District Council prepares a **General Municipal Plan** for joint approval by the Council and the Minister of Municipal Affairs.

Result:

- all municipal administrative and financial functions are progressively assumed by the Rural District;
- most areas of municipal responsibility are under the control of the local Council;
- Rural District Manager becomes a Rural District employee at the end of Phase III(B), unless this was negotiated through the **Corporate Strategy** at an earlier stage;
- arrangements have been finalized for the division of Municipal/Provincial responsibilities associated with wild fire management and control on and off of Green Area lands; and
- arrangements have been finalized for the division of municipal/provincial responsibilities associated with land use planning through the development of a jointly agreed-to **Rural District General Municipal Plan**.

4. Phase IV

Phase IV will achieve full incorporation as a Municipal District.

After incorporation as a Municipal District, amendments to the **General Municipal Plan** no longer have to be approved by the Minister of Municipal Affairs. In Municipal Districts encompassing Green Area lands, the **General Municipal Plan** must reflect the existing Integrated Resource Plan. The **General Municipal Plan** and any amendments to it affecting the Green Area, have to be approved by the member of the Executive Council charged with the administration of the Public Lands Act (currently the Minister of Forestry, Lands & Wildlife).

Phase IV - Summary

Department:

- provides services similar to those services provided to other incorporated municipalities; and

- approval of amendments to the **General Municipal Plan** by the Minister of Municipal Affairs is no longer required.

Local Government Council:

- proceeds to full incorporation as a Municipal District;
- acquires full responsibility and authority for all municipal programs;
- assumes all normal municipal costs associated with the above responsibility; and
- seeks approval of any changes to the General Municipal Plan affecting Public lands from the Minister of Forestry, Lands & Wildlife.

Result:

- the Rural District achieves full municipal government status as a Municipal District.

D. LEGISLATIVE/POLICY REQUIREMENTS OF THE PHASED INCORPORATION

To implement the phased incorporation concept outlined in this proposal, a new legislative framework would have to be established. This legislation would have an impact on a wide range of Provincial legislation and would have to reflect the following policy principles:

1) Establish Improvement Districts identified in Phase I as Rural Districts and each Rural District as a corporation.

2) Provide for the election of the Rural District Council according to the Local Authorities Election Act.

3) Provide for the elected Council to automatically become the legal Rural District Corporation Board.

4) Authorize the Minister of Municipal Affairs to define the role of the Rural District Corporation Board.

5) Authorize the Minister, through regulations, to divest his authority to the Rural District Corporation Board.

6) Authorize "the Corporation" to utilize all municipal legislation for purposes of exercising its financial, legal and program responsibilities.

7) Require "the Corporation" to account to the Minister on those responsibilities retained by the Minister, and authorize the Minister to requisition funding from the Corporation for the purpose of fulfilling those responsibilities.

8) Establish Alberta Transportation as the road authority until the Minister of Municipal Affairs authorizes the local Council (i.e. the Corporation) to assume authority under predetermined criteria and/or conditions.

9) Provide for the adoption of Rural District General Municipal Plans jointly by the local Council and the Minister of Municipal Affairs. Such Plans must reflect the interests of the Province in the planning of Public lands and/or Crown lands and Crown resources found within the Green Area boundary.

10) Authorize the Minister of Municipal Affairs to audit and inspect the Rural Districts on an annual basis.

11) Provide for the legislative, policy and/or administrative arrangements required to define the roles and responsibilities of the Rural District and the Province in dealing with the management and control of wildfires on and off Green Area lands found within the Rural District boundary.

THE PRINCIPLES OUTLINED IN THIS DOCUMENT WERE ACCEPTED BY THE PARTIES AS EVIDENCED BY THEIR SIGNATURES AFFIXED HERETO ON THIS, THE 25 DAY OF Sept, 1990.

KEN ALBRECHT
PRESIDENT
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ARCHIE R. GROVER
DEPUTY MINISTER
ALBERTA MUNICIPAL AFFAIRS

HON. RAYMOND A. SPEAKER
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AS COUNCIL FOR IMPROVEMENT DISTRICTS